

# **EXHIBIT B**

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## Investor Barry Honig Subject of SEC MGT Capital Subpoena <sup>23</sup> Sep

*This story has been updated*

Microcap investor Barry C. Honig is a lead subject of an SEC investigation for his role in trading and investing in shares of MGT Capital (**\$MGT**). MGT Capital is trying to complete a reverse merger with famed tech entrepreneur John McAfee. I am reporting exclusive news (<http://www.growthcapitalist.com/>) today for *Growth Capitalist* on what's inside the Securities and Exchange Commission subpoena MGT Capital announced was lobbed against them late last week.

News of the SEC formal demand for answers from the company delighted short sellers to the tune of a 40% drop in MGT's stock. The company, currently run by CEO Robert Ladd, says (<http://www.mgtci.com/datastreamx/2016/9/20/shareholder-frequently-asked-questions>) it does not believe the SEC is targeting any of the company executives. But shareholders have expressed doubt this week given the lack of details the company was allowed to disclose about the regulatory investigation. On top that the NYSE, where MGT trades, announced it wouldn't accept the new shares that are set to be issued in the reverse merger with John McAfee's cyber security companies. The national stock exchange was kind of a jerk about it because they didn't offer up a reason for the share issuance halt. Unfortunately, it's a big clusterf--k of unknowns for the company and shareholders right now.

But one thing that my reporting makes very clear is the SEC wants to make sure Barry Honig isn't doing anything shady (or out right illegal) with this company. According to insiders who saw the SEC subpoena, a large portion of the regulator's questions are about Honig, his company GRQ Consultants, and people who invest with him. I can also confirm Honig has been calling SEC enforcement defense lawyers this week looking for representation. I first reported (<http://www.growthcapitalist.com/2016/05/shell-factory-charges-reverse-merger-attorney-hit-reg-offering/>) on Honig's alleged illegal actions in my "Attorney Gregg Jaclin blew up his life and got busted for creating a shell factory scheme" story this Spring. The central theme of alleged bad behavior is Barry uses other people to run a company he is secretly controlling and indirectly pays stock pumpers to tout the company without disclosure.

You can see here (<https://www.scribd.com/doc/313912773/Joe-Noel-DOJ-Plea-Agreement-June-2014>) in a DOJ plea deal made by one of Honig's alleged puppet CEOs how Honig allegedly runs things behind the scene. This plea deal was first reported (<http://www.growthcapitalist.com/2016/05/shell-factory-charges-reverse-merger-attorney-hit-reg-offering/>) and unearthed by me in a story for *Growth Capitalist* in May.

The SEC has never been able to pin anything on Honig. We do see a FINRA action settled against him as a young trader in 2000 when he was working for a questionable PIPE financing firm called Ramius Capital (or Ramius Securities). On June 14, 2000 FINRA said Honig had acted as an affiliate trading with others and hid it by running the trade through two people instead of one.

*Barry Charles Honig (CRD #2362713, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver, and Consent in which he was fined \$25,000 and suspended from association with any NASD member in any capacity for 10 business days. Without admitting or denying the allegations, Honig consented to the described sanctions and to the entry of findings that he sought to inappropriately coordinate a trade report to ACT with another market participant as two separate trades instead of one.*

Honig has a SEC deal lawyer, Harvey Kesner at [www.srff.com](http://www.srff.com), who apparently has been able to keep the SEC at bay in tons of questionable pump and dump deals Honig invested in. I know from interviewing MGT's executives and reviewing Honig's financing transactions that he wasn't a control person at MGT. CEO Rob Ladd, who used to run a hedge fund, put blockers in Barry's finance deal that don't allow him to own a certain percent of the company. What we don't know is whether Barry teamed up with his favorite investing partner Michael Brauser and acted as an affiliate in trading MGT stock, which blew up to a 700% gain when news of a John McAfee merger was announced in May. Affiliate trading without disclosure is a big SEC no-no, which I explain my story (<http://www.growthcapitalist.com/2016/09/sec-investigating-trading-by-pipe-investors-in-mgt-capital/>) today at [www.growthcapitalist.com](http://www.growthcapitalist.com). Honig through his attorney did not return a request for comment.

For now it's a wait and see as MGT scrambles to get the SEC to clarify to stock exchanges that the reverse merger deal is clean. And market participants sit on the side line to see if the SEC can get the goods to finally charge Barry Honig.

*Clarification 9.23.16: Barry Honig is pulling out the big legal guns apparently worried about anyone reporting on what's inside that SEC subpoena. As of 5:30pm I was contacted by a California attorney, Charles Harder (who repped Hulk Hogan), for Honig demanding to have the story taken down and to write an apology. I refused and stand by the sourcing in this story. I have spoken with people who have seen the subpoena again and clarified a sentence in the story that relates to a large portion of the SEC's questions are centered on Barry Honig, his company and people he invest with. The original sentence said "90% of the SEC questions are about Barry Honig." Additionally, Honig had two days to respond to questions about the subpoena before the story ran and refused to return a call and email for comment.*

**Update 10.7.16:** One of the sentences in this story that Barry Honig has denied through his attorney Charles Harder is that he invest with Michael Brauser. Harder wrote in item #9 in his demand letter they sent me to get the story taken down: "Implication that Mr. Honig "teamed up with his favorite investing partner Michael Brauser". **False; the two have not teamed up.**"

I'd like to take the chance to remind readers of this 2012-2013 litigation against Barry Honig, Michael Brauser, and the Brauser Honig Frost Group for their role in Biozone Pharmaceuticals, Inc. It was filed by the company's former founder Daniel Fisher. This is from Fisher's amended complaint filed in Northern California District Court on 11.22.12 . Case number 3:12-cv-03716-WHA

"In January 2011, Plaintiff Fisher met with a group of investors, the Defendant representing itself as Brauser Honig Frost Group ("BHFG"). Over the course of the following six months, this group of investors misled Plaintiff Fisher through an investment scheme designed to divest Plaintiff of all of the economic rights and goodwill he had built through his company over the course of the previous 22 years."

After Fisher beat their motion to dismiss and the case moved into discovery we see the case was settled with the defendants paying Daniel Fisher half a million dollars.

And that's just one reason why I stand behind my reporting, opinion, and sourcing in this or any story of mine on Barry Honig!

**UPDATE 11.4.16 :** I have filed a letter (<https://www.scribd.com/document/330001264/Letter-to-Judge-Nov-3-2016-No-service-of-Honig-v-Buhl-Lawsuit>) to the federal judge in Honig's lawsuit against me that you can read [here](https://www.scribd.com/document/330001264/Letter-to-Judge-Nov-3-2016-No-service-of-Honig-v-Buhl-Lawsuit) (<https://www.scribd.com/document/330001264/Letter-to-Judge-Nov-3-2016-No-service-of-Honig-v-Buhl-Lawsuit>). Honig used a process server who lied in an affidavit that he served me. I have video to prove he is lying. Additional, I informed the judge Honig asked MGT Capital CEO Rob Ladd to call me and set up a private 'off books' meeting. A move that is pretty much a no-no legal tactic given he sued me. His lawyers are supposed to be the ones to contact me. I obviously said no to the meeting and told Rob Ladd if Mr. Honig wants to speak to me and comment on any of my reporting he can call me through his attorneys – he has enough of them. This secret meeting tactic is something I have learned he has used in other litigation...it feels like the purpose is to try and figure out if I am going to give up names of my story sourcing.

I still need a pro bono lawyer to go up against Hulk Hogan's attorney Charles Harder. Honig apparently tried to hire Harder (an expensive lawyer who has been in the news for his anti-journalism legal work) to scare me into stopping reporting and it didn't work. If you are interested in this easy to win suit please email me at [teribuhl@gmail.com](mailto:teribuhl@gmail.com). I've been told NY laws make it favorable to sue back for attorney fees in NY court and this is an easy case to win given my sourcing and the fact a lot of what I wrote here is opinion. Donations are also helpfully now in case I have to defend my self pro se.

**UPDATE 1-10-17:** I've secured a top first amendment lawyer to represent me pro-bono. Chuck Tobin of [Holland & Knight](http://www.hklaw.com/Charles-Tobin/) (<https://www.hklaw.com/Charles-Tobin/>) filed last week in Manhattan Federal Court to be lead counsel. We have till February 10th to file a response to Honig's claim. I would like to thank Holland & Knight for stepping up and defending the rights of a freelance journalist.

**UPDATE 2-21-17:** Barry Honig voluntarily withdrew his lawsuit against me on February 8th. This was two days before my attorneys were due to file our motion to dismiss and we were given no warning or notice of why the suit was being dropped. I thought the litigation was over but now it looks like Honig and his attorney Charles Harder were just making a move to judge shop because today I got a repeat retraction letter asking again to take down my reporting and apologize. It's my expectation that team Honig will just refile their suit in another court or another state which means the bullying of this journalist for reporting on a matter of public concern continues.

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April 5, 2017  
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**NDA** says:

September 23, 2016 at 11:38 pm (<http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-378032>)

There are more undisclosed affiliates behind the scenes than just Brauser, including Adrian James.

The entire Honig network should be investigated; he is not acting alone.

Reply (<http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/?replytocom=378032#respond>)

**SK** says:

[October 1, 2016 at 3:22 pm \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-378312\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-378312)

Barry Honig and Michael Brauser have been running this racket for years now. It's amazing that they haven't been charged yet. This isn't just SEC fodder, this is criminal stuff.

[Reply \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/?replytocom=378312#respond\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/?replytocom=378312#respond)

**C Mann** says:

[October 13, 2016 at 5:44 am \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-378633\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-378633)

Curious if from your coverage of NIR scandal if you know the deal with VStock Transfer & Yoel Goldfelder? Are they legit? I've seen that YG is still friendly with Corey Ribotsky... And VStock/Yoel was topic of recent discussion on investors hub.

"643 clients as of 3/31/2016.

Yoel Goldfelder, CEO/President, in Nassau County Long Island."

<http://investorshub.advn.com/boards/replies.aspx?msg=125698858> (<http://investorshub.advn.com/boards/replies.aspx?msg=125698858>)

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**Teri Buhl** says:

[October 13, 2016 at 9:25 am \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-378643\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-378643)

While working on the NIR scandal story in 2008 I was told Yoel and Ribotsky actually started the fund together and then Yoel left. I never confirmed that though. Vstock is a real firm and doing a lot work on RegA+ deals now. They got the shares transferred to retail broker dealers on the first successful RegA+ deal with a company called Elio. So yes the firm is a real operating business but I don't know how ethical their compliance team is.

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**ek** says:

[November 15, 2016 at 1:31 pm \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-380283\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-380283)

for what its worth amazing reporting keep up the good work

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**MK (<http://mk.com>)** says:

[January 19, 2017 at 9:14 pm \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-383955\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-383955)

Watch BIOP – Honig just shored up his 10%+ position and forced an EOD election.

[Reply \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/?replytocom=383955#respond\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/?replytocom=383955#respond)

**Eric** says:

[January 20, 2017 at 8:51 am \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-383968\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-383968)

Any comment on Honig kicking out board members of the Boulder based Biopix company and then the recent move to liquidate?

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**Ripped of Investor** says:

[February 8, 2017 at 12:01 am \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-384583\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-384583)

Don't worry Teri. It's going to be cold in the federal lock up for someone and his friends.

[Reply \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/?replytocom=384583#respond\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/?replytocom=384583#respond)

**Luke Anonymous** says:

[March 4, 2017 at 9:48 am \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-385553\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/#comment-385553)

Looks like Brauser, Honig and Frost are up to old tricks with Cogint. Also looks like they have finally started to piss people off. See the filing in Federal Court in FL on 3/3/17 where a company is going after Cogint for all of its profits times 3. Amazing the only stuff on rags like Seeking Alpha about Cogint comes from Brauser/Frost shills to pump up that stock for a sale.

[Reply \(http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/?replytocom=385553#respond\)](http://www.teribuhl.com/2016/09/23/investor-barry-honig-target-of-sec-mgt-capital-subpoena/?replytocom=385553#respond)

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Banned by SEC: Steven Muehler starts another advance fee scheme (<http://www.teribuhl.com/2017/03/19/banned-by-sec-steven-muehler-starts-another-advance-fee-scheme/comment-page-1/#comment-388068>)

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